

Message Text

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70

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SAJ-01 NEA-10 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 NIC-01 DRC-01 /168 W

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R 280910Z MAR 74

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5392

INFO AMEMBASSY LONDON

USMISSION NATO

USLO PEKING

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ECRP, EFIN, ENRG, EAID, MT, CH, EEC

SUBJ: BUDGET : FELICE/MINTOFF EXCHANGE

REF: A. VALLETTA 0580 (NOTAL) B. VALLETTA 1583, SEPT 15, 1972(NOTAL)

1. SUMMARY: IN PARLIAMENT ON MARCH 26 SHADOW MINISTER OF FINANCE DR. MARIO FELICE OFFERED MORE SUBSTANTIVE CRITICISM OF 74/75 BUDGET ESTIMATES THAN PREVIOUSLY REPORTED COMMENTS BY OPPOSITION LEADER BORG OLIVIER, FELICE'S OBSERVATIONS CONCERNING THE CHINESE INTEREST-FREE LOAN, HOWEVER, RESULTED IN A HEATED EXCHANGE WITH P.M. MINTOFF MAKING THREATS AGAINST AN INDEPENDENT BUT ORDINARILY PRO-OPPOSITION ENGLISH-LANGUAGE NEWSPAPER. END SUMMARY.

2. REFERRING TO ESTABLISHMENT OF STATE-CONTROLLED BANK OF VALLETTA, FELICE SAID NATIONALIST OPPOSITION WOULD NOT AGREE THAT IN A MIXED ECONOMY THE GOVERNMENT SHOULD DIRECTLY INVOLVE ITSELF IN COMMERCIAL BANKING. OPPOSITION IS ALSO OPPOSED TO GOM'S OBTAINING A MAJORITY SHAREHOLDING IN LOCAL BARCLAY'S

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SUBSIDIARY ALTHOUGH HE AGREED ANY LARGE PROFITS MADE BY THAT

INSTITUTION SHOULD BE RETAINED IN MALTA.

3. FELICE NOTED THAT BUDGET ESTIMATES MAKE NO MENTION OF PROGRESS MADE IN OFFSHORE DRILLING. HE ALSO ASKED WHAT WAS MEANT BY A STATEMENT THAT AN INITIAL OUTLAY OF 1.2 MILLION MALTA POUNDS IS TO BE MADE TO PROVIDE WORKING CAPITAL FOR PROCUREMENT BY GOM OF CRUDE OIL AND THE COST OF REFINING. STORAGE AND DISTRIBUTION.

4. TURNING TO CHINESE AID, FELICE OBSERVED THAT CHINESE DID NOT APPEAR TO BE AS QUALIFIED TO BUILD A SUPER-DRYDOCK AS SWEDES OR JAPANESE. HE ALSO SUGGESTED A REVIEW OF THE TERMS OF REPAYMENT OF THE 17 MILLION POUNDS STERLING NO-INTEREST CHINESE LOAN. MINTOFF INTERRUPTED, "YOU ARE REAEATING WHAT WAS SAID IN THE TIMES (OF MALTA)" FELICE REPLIED THAT IF THIS WAS SAID BY THE TIMES, HE AGREED WITH IT. HE ADDED HE WAS ASTONISHED AT WAY THE LOAN WAS AGREED ON...REPAYABLE IN GOLD. MINTOFF REPLIED: "THIS IS NOT TRUE. LIES AND SEDITION AND I SHALL TAKE STEPS AGAINST ANYONE WHO INCITES THE PEOPLE OF MALTA AGAINST THE CHINESE....TO SAY THAT THE LOAN IS REPAY-ABLE IN GOLD MEANS THE CHINESE ARE ROBBING THE PEOPLE OF MALTA." FELICE CORRECTED HIMSELF TO SAY THE LOAN WAS REPAY-ABLE IN GOLD VALUES. HE ADDED HE DID NOT SAY THE CHINESE WERE ROBBERS. MINTOFF REBUTTED: "YOU SHOULD SPEAK ABOUT THE AGREEMENT YOU HAD WITH THE BRITISH* THEY STRIPPED YOU NAKED."

5. WITH SOME PRAISE FOR MLP INITIATIVES SUCH AS INTRO- DUCION OF PROGRAM BUDGETING, FELICE CLOSED HIS REMARKS WITH SUGGESTION THAT NEW STATE-OWNED RADIO STATION BE INSULATED AGAINST POLITICAL PARTY INFLUENCE. HE ALSO OFFERED A 6-POINT PROPOSAL FOR MANAGING THE COUNTRY'S ECONOMIC AFFAIRS INCLUDING A PRICE POLICY AND INCOME POLICY; AND INVEST- MENT POLICY; CREDIT AND EXCESSIVE LIQUIDITY POLICY; A FOREIGN TRADE POLICY THAT IS SPECIAL RELATIONSHIP WITH EEC; AND A FISCAL BUDGETARY POLICY.

6. COMMENT: MINTOFF WAS APPARENTLY UNABLE TO CONTROL HIS ANGER OVER FELICE'S REMARKS CONCERNING THE CHINESE LOAN. HE WAS PARTICULARLY INCENSED BY A FEBRUARY 8 TIMES OF MALTA LIMITED OFFICIAL USE

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EDITORIAL ON THE SUBJECT AND SAID, FOLLOWING FELICE'S REMARKS, THAT HIS GOVERNMENT WAS PREPARED TO TAKE STEPS UNDER THE RECENTLY AMENDED SEDITION ACT (SEE REF B) AGAINST NEWSPAPERS WHICH SPREAD LIES. HE ALSO EXPRESSED ANNOYANCE WITH REFERENCES BY OPPOSITION MEMBERS TO THEIR FRIENDS (I.E., JUDGES)

IN THE COURTS. HE SAID THE FIRST TIME HE CAUGHT ANYONE WHO WHO WAS SWAYED ONE WAY OR THE OTHER BECAUSE DEFENSE COUNSEL CAME FROM

OPPOSITION, HE WOULD REMOVE HIM. THIS INTEMPERATE EXCHANGE
RESULTED IN SEVERAL SUSPENSIONS OF DEBATE BY THE ACTING SPEAKER.
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